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**EX-LIPPER HOLDINGS HEDGE FUND MANAGER PLEADS GUILTY IN
FEDERAL COURT TO SECURITIES FRAUD IN CONNECTION WITH
MASSIVE OVERVALUATION OF HEDGE FUNDS**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that EDWARD STRAFACI, the former Executive Vice-President and Director of Fixed Income Money Management at Lipper Holdings, LLC ("Lipper Holdings"), pled guilty today in federal court in Manhattan to securities fraud in connection with his overvaluation of securities held by a Lipper Holdings hedge funds, Lipper Convertibles, L.P., a New York limited partnership that was liquidated in 2002.

According to Count One of the Indictment, the count to which STRAFACI entered his guilty plea, Lipper Holdings served as the general partner of various limited partnerships comprised of individual and institutional investor-clients. STRAFACI was responsible for the trading of convertible securities on behalf of the Lipper Holdings partnerships, as well as for determining and reporting the values of the securities held by two of those partnerships, Lipper Convertibles, L.P. and Lipper Convertibles Series II, L.P. (the "Convertible Funds"), which together held hundreds of millions of dollars in investor funds.

At his guilty plea today, STRAFACI admitted that between approximately 1996 and January 2002 he knowingly and intentionally engaged in a scheme to defraud investors by inflating the values of certain securities held in the Convertible Funds. The Indictment charges that STRAFACI's over-valuations of securities held by the Convertible Funds caused the Funds to be over-valued by hundreds of millions of dollars.

According to the Indictment, STRAFACI resigned his position on January 14, 2002, and Lipper Holdings announced its decision to dissolve the Convertible Funds approximately two months later. The Lipper Convertible Fund, which, based on STRAFACI's valuations, had reported approximately \$722 million in partnership capital before STRAFACI's resignation, reported approximately \$365 million in partnership capital upon liquidation; similarly, the Lipper Convertible Fund Series II, which had reported approximately \$29.5 million in partnership capital before STRAFACI's resignation, reported approximately \$21.1 million in partnership capital upon liquidation.

The Indictment states that as a result of STRAFACI's fraudulent reporting of the Convertible Funds' assets and performance, investors who were told that the value of their investments was growing at rates between 9 percent and 15 percent in each year between 1995 and 2000 actually lost money during the period.

Pursuant to the terms of his plea agreement with the Government, STRAFACI entered a plea to Count One of the Indictment,

which charges him with securities fraud in connection with the Lipper Convertibles, L.P. Fund. In addition, although STRAFACI did not enter a plea of guilty to those counts of the Indictment that charged securities fraud in connection with the other partnership, Lipper Convertibles Series II, STRAFACI admitted that his fraudulent valuations extended to securities held in that fund as well.

STRAFACI will be sentenced by United States District Judge LAURA TAYLOR SWAIN on December 2, 2004 at 2:00 p.m. At sentencing, STRAFACI faces a maximum penalty of 10 years' imprisonment.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, praised the Federal Bureau of Investigation for its investigation of this case, and thanked the SEC for its assistance in this matter.

Assistant United States Attorneys ROBERTO FINZI and JUSTIN WEDDLE are in charge of the prosecution.

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